

NEW HAMPSHIRE STATE LIQUOR COMMISSION

MINUTES OF MEETING – APRIL 10, 2003

PRESENT: Chairman Anthony Maiola and Commissioners John Byrne and Patricia Russell; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Aidan Moore, Chief of Enforcement; Peter Engel, Director of Store Operations; Howard Roundy, Director of Information Technology; Richard Gerrish, Spirits Marketing Specialist; Nicole Horton, Wine Marketing Specialist; George Tsiopras, Chief Accountant; Al Picconi, United Beverages, Inc.; Michael Goclowski, Law Warehouse

I. FINANCIAL & ADMINISTRATIVE REPORTS

1. Financial Reports

A. Weekly, Y-T-D Sales Reports:

Craig commented that some financial reports are starting to be sent electronically. Hopefully, marketing information will become available on a separate drive for access by those who need it.

The SA1000 report for the week ending April 7, 2003 shows retail sales were down around -4%, on-premise sales were up 3.96%, off- premise sales were up a little over 40%, and total aggregate sales were up 6%. The traffic count decreased by 605 compared to last year, and the average sale was also down by \$1.36.

The W-1 Total Weekly Sales report for the same week confirms total sales were up for the week by 6% or \$320,736, while they were up for the year by 5% or \$12,735,047. Wine sales were up almost 18% or \$433,985 for the week, and were also up 8.2% or \$9,413,725 for the year. Sales of spirits, however, decreased -3.94% or (\$113,249) on a weekly basis, but increased year-to-date by 2.38% or \$3,325,959.

B. Budget Reports:

There was nothing of significance to report regarding outstanding depletions and post-offs for this past week. Amounts shown in the February column should come in within a few days. There are also a few outstanding service charges.

Craig mentioned that Chairman Maiola will be attending a meeting of the Senate Ways and Means Committee on Monday, April 21st. There are no hearings scheduled as of this morning which would be of interest to the Commission.

George Tsiopras reviewed the W-6 Expense Budget Activity Variance Report. The year is currently at 77.25% complete as of April 8, 2003, with 77.06% of the budget expended. Transfer documents concerning Class 50, Enforcement, travel and overtime accounts have been sent over to Fiscal Committee.

John Byrne asked that reductions be shown in next week's W-6 report.

George has been working with Joe Bouchard on forfeiture funds and expects to have more information on this next week. He also expects that the Governor will make agency reductions for next year's budget next week.

Revenues have exceeded about \$300,000 over last month's estimate of \$6.9 million, but were actually \$100,000 less than what was earned last month.

Next Tuesday in the downstairs conference room DITM will sponsor a presentation from a company which provides licensing software off the shelf.

In response to an inquiry from John Bunnell, George said that an analysis is being prepared regarding use of credit cards by licensees and he will, hopefully, have more information by next week. John also commented that the use of debit cards is down by 16 and 17%. George said this is due to a shift of business from debit to credit or cash, which is costing the Commission more money.

2. IT Reports

Howard reported that problems with the Paymentech pinpads are not yet solved. However, everything has passed test the last two days, and ACR appears to be doing everything that should be done to prevent future problems.

Howard said he had received no response to his e-mail regarding department initiatives for IT by last Friday. However, he has since received some information from Marketing and Enforcement. Nothing has been received from Law regarding this. Howard has received a request from DITM that section 2 be sent in by the end of the month.

II. MARKETING & SALES REPORTS

1. Store Operations:

Total retail store sales for the week ending 4/6/03 were down (\$117,640.73) or -2.98%. Peter noted that over \$102,000 of this was attributed to a certain few stores, including Glen and Conway. However, Store #27 Nashua increased sales by 30% now that the new Shaw's supermarket has opened.

A meeting will be held with the contractors and D.O.T. to update work on Stores #34 Salem and #38 Portsmouth. Commissioner Byrne expressed his concern that the project at Portsmouth was being started so late in the year, and wondered if it wouldn't make sense to wait until the first of the new year. He was also concerned about not having a construction schedule, and the fact that monies to start this were held up for two years. There was brief

discussion concerning this. It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the construction project at Store #38 in Portsmouth proceed as planned. The motion was passed on a two to one vote, with Commissioner Byrne opposed.

2. Purchasing Report:

The only major issue concerning purchases for this week is that Captain Morgan, liter size, was out of stock for one night.

3. Merchandising Report:

A. SPIRITS:

1) FW: Broker Commissions:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that a letter be sent to all local brokers requesting that all brokers' commissions be stated on all future Form 220-a's in accordance with Administrative Rule 302.01©, and that specifications received after April 30, 2003 without such information will be returned to the broker for compliance, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was passed on a two to one vote, with Commissioner Maiola opposed.

2) Test Market Request (3 tequilas – United Beverages, Inc.):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Sidney Frank Co., Inc. for new test market product listings for the following three (3) 750ML size tequilas, as recommended by Richard Gerrish and concurred by John Bunnell, Administrator of Marketing & Sales: Corazon de Agave Reposado (assigned four-digit Code #8055); Corazon de Agave Blanco (assigned four-digit Code #8057); and Corazon de Agave Anejo (assigned four-digit Code #8059). The motion was unanimously adopted.

3) Special Offers 2003:

a. 1 item – Richard Colbath/Spirits Marque One (July):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a special offer from Richard Colbath/Spirits Marque One, based upon depletions of one (1) spirit item, to be featured on sale during July 2003, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted

- b. 1 item – Perfecta Wine Company (June):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a special offer from Perfecta Wine Company, based upon depletions of one (1) spirit item, to be featured on sale during June 2003, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- c. 4 items – Pine State Trading Co. (June):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Pine State Trading Co., based upon depletions of four (4) spirit items, to be featured on sale during June 2003, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- d. 36 items – Executive Wines/Martignetti Companies (June):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Executive Wine & Spirits/Martignetti Companies of N.H., based upon depletions of thirty-six (36) spirit items, to be featured on sale during June 2003, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- e. 79 items – Horizon Beverage Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Horizon Beverage Company, based upon depletions of seventy-nine (79) spirit items, to be featured on sale during June 2003, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- f. 112 items – United Beverages, Inc.

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions of one hundred and twelve (112) spirit items, to be featured on sale during June 2003, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES:

1) May Price Changes:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve floor stock adjustments on existing inventory of nine (9) wine codes which will decrease in price with the May pricing quarter change, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) New Wine Product Listings (general distribution – Codes #32263 & #34382):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the general distribution of Code #32263, Lindemanns Bin 65 Chardonnay, 1.5L size and Code #34382, Rosemount Hill of Gold Shiraz, 750ML size, each of which has earned a gross profit of at least \$6,500 during a twelve-month period, a majority of which have been in the retail and on-premise markets, to be initially distributed to Cluster 1 and 2 stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Special Offers for June 2003:

a. 3 items – R.P. Imports:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from R.P. Imports, based upon depletions of three (3) wine items, to be featured on sale during June 2003, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. 31 items – Pine State Trading Co./E & J Gallo:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Pine State Trading Co./E & J Gallo Winery, based upon depletions of thirty-one (31) wine items, to be featured on sale during June 2003, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. 96 items – United Beverages, Inc.

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions of ninety-six (96) wine items, to be featured on sale during June 2003, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Recommended Wine Specialty Products (4 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve four (4) wine items to be designated as wine specialty products, to be carried in wine specialty stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) Recommended Allocated & Restricted Wines for Distribution to Selected Stores (11 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve eleven (11) allocated and restricted wine codes for distribution to selected stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

6) Primary Source Submissions (19 items – exclusive agent; 53 items – imported):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listing of nineteen (19) wine codes which are not from primary source, but are offered by the exclusive marketing agent and fifty-three (53) items which are not from primary source, but are imported, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

III. ENFORCEMENT & LICENSING REPORTS

IV. CHAIRMAN'S REPORT & LATE ITEMS

1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve previously reviewed requests for bailment releases/transfers dated April 4 through April 10, 2003. The motion was unanimously adopted.

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2. Coupon Approvals: None.
3. Late Items: None.

Anthony C. Maiola, Chairman

John W. Byrne, Commissioner

Patricia T. Russell, Commissioner

/D. Hartford